

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2003**

	September-03					August-03					July-03					Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Quarter	Month		Market Value	Allocation	Month			Market Value	Allocation	Month			Fiscal YTD	FY03	Ended	Ended
		Actual	Policy	Net ROR	Net ROR											Net ROR	Net ROR	6/30/2003	6/30/2003
																		Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>																			
<i>Structured Growth</i>																			
LA Capital	51,838,717	4.4%	4.5%	N/A	-1.83%	52,767,381	4.5%	4.5%	N/A		-	0.0%	0.0%	N/A		N/A	N/A	N/A	N/A
AllianceBernstein	-	0.0%	0.0%	N/A	N/A	38	0.0%	0.0%	N/A		25,164,965	2.2%	2.3%	3.55%		N/A	-1.48%	-20.46%	-5.64%
<b>Total Structured Growth</b>	<b>51,838,717</b>	<b>4.4%</b>	<b>4.5%</b>	<b>6.61%</b>	<b>-1.83%</b>	<b>52,767,419</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.88%</b>		<b>25,164,965</b>	<b>2.2%</b>	<b>2.3%</b>	<b>3.55%</b>		<b>6.61%</b>	<b>-1.48%</b>	<b>-20.46%</b>	<b>-5.64%</b>
Russell 1000 Growth				3.92%	-1.07%				2.49%							3.92%	2.93%	-21.55%	-5.04%
<i>Structured Value</i>																			
LSV	54,142,627	4.6%	4.5%	3.33%	-0.97%	54,492,774	4.7%	4.5%	3.10%		52,887,854	4.7%	4.5%	1.20%		3.33%	-2.05%	9.06%	3.95%
Russell 1000 Value				2.06%	-0.98%				1.56%							2.06%	-1.02%	-2.19%	-0.17%
<i>Enhanced Russell 1000 Index</i>																			
LA Capital	52,397,265	4.5%	4.5%	2.87%	-1.14%	52,978,499	4.6%	4.5%	2.41%		51,716,882	4.5%	4.5%	1.61%		2.87%	1.08%	N/A	N/A
Russell 1000				3.00%	-1.02%				2.03%							3.00%	0.96%	N/A	N/A
<i>Enhanced S&amp;P 500 Index</i>																			
Northern Trust	49,310,551	4.2%	4.5%	2.50%	-1.08%	49,830,605	4.3%	4.5%	1.86%		48,910,953	4.3%	4.5%	1.73%		2.50%	0.28%	N/A	N/A
Strong	50,694,242	4.3%	4.5%	2.89%	-0.72%	51,039,095	4.4%	4.5%	2.28%		49,917,417	4.4%	4.5%	1.33%		2.89%	3.30%	N/A	N/A
Westridge	53,820,227	4.6%	4.5%	2.65%	-1.05%	56,729,976	4.9%	4.5%	1.94%		55,678,776	4.9%	4.5%	1.77%		2.65%	0.56%	N/A	N/A
<b>Total Enhanced S&amp;P 500 Index</b>	<b>153,825,020</b>	<b>13.1%</b>	<b>13.5%</b>	<b>2.68%</b>	<b>-0.96%</b>	<b>157,599,676</b>	<b>13.6%</b>	<b>13.5%</b>	<b>2.02%</b>		<b>154,507,145</b>	<b>13.6%</b>	<b>13.5%</b>	<b>1.61%</b>		<b>2.68%</b>	<b>1.35%</b>	<b>N/A</b>	<b>N/A</b>
S&P 500				2.64%	-1.06%				1.95%							2.64%	0.24%	N/A	N/A
<i>S&amp;P 500 Index</i>																			
State Street	34,944,955	3.0%	3.0%	2.64%	-1.06%	35,320,012	3.0%	3.0%	1.94%		60,601,903	5.3%	5.3%	1.77%		2.64%	0.31%	-11.14%	-1.58%
S&P 500				2.64%	-1.06%				1.95%							2.64%	0.24%	-11.20%	-1.61%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>347,148,586</b>	<b>29.7%</b>	<b>30.0%</b>	<b>3.02%</b>	<b>-1.13%</b>	<b>353,158,381</b>	<b>30.4%</b>	<b>30.0%</b>	<b>2.43%</b>		<b>344,878,750</b>	<b>30.3%</b>	<b>30.0%</b>	<b>1.72%</b>		<b>3.02%</b>	<b>0.49%</b>	<b>-9.68%</b>	<b>-2.32%</b>
S&P 500				2.64%	-1.06%				1.95%							2.64%	0.24%	-11.20%	-1.61%
<b>SMALL CAP DOMESTIC EQUITY</b>																			
<i>Manager-of-Managers</i>																			
SEI	122,768,785	10.5%	10.0%	9.68%	-1.40%	134,018,458	11.6%	10.0%	4.83%		127,811,075	11.2%	10.0%	6.11%		9.68%	0.68%	N/A	N/A
Russell 2000 + 200bp				9.60%	-1.68%				4.75%							9.60%	0.37%	N/A	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>122,768,785</b>	<b>10.5%</b>	<b>10.0%</b>	<b>9.68%</b>	<b>-1.40%</b>	<b>134,018,458</b>	<b>11.6%</b>	<b>10.0%</b>	<b>4.83%</b>		<b>127,811,075</b>	<b>11.2%</b>	<b>10.0%</b>	<b>6.11%</b>		<b>9.68%</b>	<b>0.68%</b>	<b>-3.37%</b>	<b>-0.65%</b>
Russell 2000				9.07%	-1.85%				4.58%							9.07%	-1.64%	-3.30%	0.97%
<b>INTERNATIONAL EQUITY</b>																			
<i>Large Cap - Core</i>																			
State Street	25,214,812	2.2%	2.0%	6.08%	-0.09%	25,416,992	2.2%	2.0%	3.19%		24,588,125	2.2%	2.0%	2.91%		6.08%	-9.96%	-13.28%	-4.72%
MSCI EAFE - 50% Hedged				6.58%	0.41%				2.77%							6.58%	-11.24%	-14.65%	-4.18%
<i>Large Cap - Active</i>																			
Capital Guardian	61,325,566	5.2%	5.0%	7.45%	-0.29%	61,929,997	5.3%	5.0%	3.23%		59,869,732	5.3%	5.0%	4.39%		7.45%	-11.30%	-14.96%	0.47%
Bank of Ireland	11,668,820	1.0%	1.0%	2.64%	1.95%	11,521,964	1.0%	1.0%	-0.25%		11,544,195	1.0%	1.0%	0.94%		2.64%	-10.28%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>72,994,387</b>	<b>6.2%</b>	<b>6.0%</b>	<b>6.65%</b>	<b>0.06%</b>	<b>73,451,962</b>	<b>6.3%</b>	<b>6.0%</b>	<b>2.67%</b>		<b>71,413,926</b>	<b>6.3%</b>	<b>6.0%</b>	<b>3.82%</b>		<b>6.65%</b>	<b>-11.12%</b>	<b>-14.58%</b>	<b>0.74%</b>
MSCI EAFE - 50% Hedged				6.58%	0.41%				2.77%							6.58%	-11.24%	-14.65%	-4.18%
<i>Small Cap - Active</i>																			
Lazard	13,370,769	1.1%	1.0%	10.66%	5.60%	13,221,950	1.1%	1.0%	3.26%		12,797,124	1.1%	1.0%	1.48%		10.66%	-2.32%	N/A	N/A
Wellington	14,027,503	1.2%	1.0%	17.22%	7.06%	13,218,012	1.1%	1.0%	4.71%		12,594,365	1.1%	1.0%	4.57%		17.22%	5.97%	N/A	N/A
<b>Total Small Cap - Active</b>	<b>27,398,271</b>	<b>2.3%</b>	<b>2.0%</b>	<b>13.94%</b>	<b>6.33%</b>	<b>26,439,962</b>	<b>2.3%</b>	<b>2.0%</b>	<b>3.98%</b>		<b>25,391,489</b>	<b>2.2%</b>	<b>2.0%</b>	<b>3.06%</b>		<b>13.94%</b>	<b>1.75%</b>	<b>N/A</b>	<b>N/A</b>
Citigroup Broad Market Index < \$2BN				15.95%	5.70%				6.30%							15.95%	3.91%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>125,607,470</b>	<b>10.7%</b>	<b>10.0%</b>	<b>8.04%</b>	<b>1.33%</b>	<b>125,308,916</b>	<b>10.8%</b>	<b>10.0%</b>	<b>3.05%</b>		<b>121,393,540</b>	<b>10.7%</b>	<b>10.0%</b>	<b>3.47%</b>		<b>8.04%</b>	<b>-8.22%</b>	<b>-12.63%</b>	<b>-0.99%</b>
MSCI EAFE - 50% Hedged				6.58%	0.41%				2.77%							6.58%	-11.24%	-14.65%	-4.18%
<b>EMERGING MARKETS EQUITY</b>																			
Capital Guardian	66,631,691	5.7%	5.0%	14.62%	1.99%	63,614,918	5.5%	5.0%	6.39%		59,794,202	5.3%	5.0%	5.63%		14.62%	7.15%	-10.61%	1.62%
MSCI Emerging Markets Free				14.23%	0.73%				6.71%							14.23%	6.96%	-7.07%	2.49%
<b>DOMESTIC FIXED INCOME</b>																			
<i>Core Bond</i>																			
Western Asset	34,417,610	2.9%	3.1%	-0.47%	3.29%	30,463,205	2.6%	3.1%	1.30%		30,085,086	2.6%	3.1%	-4.88%		-0.47%	13.42%	11.88%	8.58%
Lehman Aggregate				-0.15%	2.65%				0.66%							-0.15%	10.39%	10.07%	7.54%
<i>Active Duration</i>																			
WestAM (Criterion)	34,018,566	2.9%	3.1%	-0.40%	2.91%	30,190,467	2.6%	3.1%	0.59%		30,028,221	2.6%	-1.4%	-3.78%		-0.40%	9.93%	9.39%	6.85%
Lehman Aggregate				-0.15%	2.65%				0.66%							-0.15%	10.39%	10.07%	7.54%
<i>Index</i>																			
Bank of ND	54,655,238	4.7%	4.8%	-0.73%	3.15%	49,829,696	4.3%	4.8%	0.55%		49,460,860	4.4%	4.8%	-4.28%		-0.73%	12.59%	11.06%	7.79%
Bank of ND Match Loan CD Program	13,516,361	1.2%	1.2%	1.43%	0.47%	13,788,390	1.2%	1.2%	0.48%		13,806,849	1.2%	1.2%	0.48%		1.43%	5.83%	5.84%	5.85%
<b>Total Index</b>	<b>68,171,600</b>	<b>5.8%</b>	<b>6.0%</b>	<b>-0.21%</b>	<b>2.49%</b>	<b>63,618,086</b>	<b>5.5%</b>	<b>6.0%</b>	<b>0.53%</b>		<b>63,267,709</b>	<b>5.6%</b>	<b>6.0%</b>	<b>-3.15%</b>		<b>-0.21%</b>	<b>10.77%</b>	<b>10.08%</b>	<b>7.44%</b>
Lehman Gov/Credit				-0.50%	3.17%				0.66%							-0.50%	13.15%	10.82%	7.83%

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	September-03					August-03				July-03				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Quarter	Month		Market Value	Allocation	Month		Market Value	Allocation	Month		Fiscal YTD	FY03	Ended	Ended
		Actual	Policy	Net ROR	Net ROR									Net ROR	Net ROR	6/30/2003	6/30/2003
																Net	Net
<b>Convertibles</b>																	
<b>TCW</b>	<b>35,017,988</b>	<b>3.0%</b>	<b>3.1%</b>	<b>1.84%</b>	<b>0.17%</b>	<b>34,937,012</b>	<b>3.0%</b>	<b>3.1%</b>	<b>0.93%</b>	<b>34,606,849</b>	<b>3.0%</b>	<b>3.1%</b>	<b>0.75%</b>	<b>1.84%</b>	<b>10.37%</b>	<b>-9.08%</b>	<b>N/A</b>
First Boston Convertible Index				2.67%	0.56%				1.64%				0.45%	2.67%	15.35%	-3.81%	N/A
<b>BBB Average Quality</b>																	
<b>Strong</b>	<b>34,720,841</b>	<b>3.0%</b>	<b>3.1%</b>	<b>0.16%</b>	<b>3.97%</b>	<b>31,339,170</b>	<b>2.7%</b>	<b>3.1%</b>	<b>1.02%</b>	<b>31,033,683</b>	<b>2.7%</b>	<b>3.1%</b>	<b>-4.64%</b>	<b>0.16%</b>	<b>14.81%</b>	<b>10.35%</b>	<b>N/A</b>
Lehman BBB				0.27%	3.97%				0.98%				-4.49%	0.27%	18.33%	9.91%	N/A
<b>Timberland</b>																	
<b>Evergreen (Wachovia)</b>	<b>64,138,631</b>	<b>5.5%</b>	<b>5.5%</b>	<b>-0.15%</b>	<b>-0.05%</b>	<b>64,876,521</b>	<b>5.6%</b>	<b>5.6%</b>	<b>-0.05%</b>	<b>64,880,372</b>	<b>5.7%</b>	<b>5.7%</b>	<b>-0.05%</b>	<b>-0.15%</b>	<b>12.50%</b>	<b>N/A</b>	<b>N/A</b>
																N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>270,485,236</b>	<b>23.1%</b>	<b>24.0%</b>	<b>0.11%</b>	<b>1.90%</b>	<b>255,424,462</b>	<b>22.0%</b>	<b>24.0%</b>	<b>0.59%</b>	<b>253,901,919</b>	<b>22.3%</b>	<b>24.0%</b>	<b>-2.34%</b>	<b>0.11%</b>	<b>11.62%</b>	<b>6.95%</b>	<b>6.77%</b>
Lehman Aggregate				-0.15%	2.65%				0.66%				-3.36%	-0.15%	10.39%	10.07%	7.54%
<b>HIGH YIELD BONDS</b>																	
<b>Western Asset</b>	<b>61,549,306</b>	<b>5.3%</b>	<b>5.0%</b>	<b>1.99%</b>	<b>2.25%</b>	<b>60,195,640</b>	<b>5.2%</b>	<b>5.0%</b>	<b>1.56%</b>	<b>59,271,982</b>	<b>5.2%</b>	<b>5.0%</b>	<b>-1.79%</b>	<b>1.99%</b>	<b>20.04%</b>	<b>2.51%</b>	<b>4.15%</b>
Lehman High Yield Bond Index				2.77%	2.73%				1.15%				-1.10%	2.77%	22.77%	5.44%	2.66%
<b>INTERNATIONAL FIXED INCOME</b>																	
<b>International Sovereign</b>																	
<b>UBS Global (Brinson)</b>	<b>27,027,414</b>	<b>2.3%</b>	<b>2.5%</b>	<b>3.18%</b>	<b>6.41%</b>	<b>26,104,669</b>	<b>2.2%</b>	<b>2.5%</b>	<b>-0.54%</b>	<b>26,655,508</b>	<b>2.3%</b>	<b>2.5%</b>	<b>-2.51%</b>	<b>3.18%</b>	<b>18.20%</b>	<b>8.47%</b>	<b>5.93%</b>
Citigroup Non-US Gov't Bond Index (1)				2.75%	6.38%				-0.85%				-2.59%	2.75%	17.91%	8.10%	6.29%
<b>International Core</b>																	
<b>Brandywine</b>	<b>26,451,362</b>	<b>2.3%</b>	<b>2.5%</b>	<b>1.51%</b>	<b>5.26%</b>	<b>25,826,848</b>	<b>2.2%</b>	<b>2.5%</b>	<b>-1.05%</b>	<b>26,467,052</b>	<b>2.3%</b>	<b>2.5%</b>	<b>-2.54%</b>	<b>1.51%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Lehman Global Aggregate (ex-US)				2.76%	6.45%				-0.90%				-2.59%	2.76%	N/A	N/A	N/A
<b>TOTAL INTERNATIONAL FIXED INCOME</b>	<b>53,478,776</b>	<b>4.6%</b>	<b>5.0%</b>	<b>2.34%</b>	<b>5.84%</b>	<b>51,931,517</b>	<b>4.5%</b>	<b>5.0%</b>	<b>-0.80%</b>	<b>53,122,560</b>	<b>4.7%</b>	<b>5.0%</b>	<b>-2.52%</b>	<b>2.34%</b>	<b>17.83%</b>	<b>8.36%</b>	<b>5.86%</b>
Citigroup Non-US Gov't Bond Index (1)				2.75%	6.38%				-0.85%				-2.59%	2.75%	17.91%	8.10%	6.29%
<b>REAL ESTATE</b>																	
JMB	26,405			-8.75%	6.55%	24,782			-14.36%	37,739			0.00%	-8.75%	-18.62%	-5.76%	0.42%
INVESCO	25,898,627			0.37%	-0.82%	26,859,535			0.60%	26,831,202			0.60%	0.37%	8.15%	8.00%	7.69%
J.P. Morgan	31,584,102			2.43%	0.99%	31,273,515			0.95%	30,979,167			0.46%	2.43%	7.80%	7.36%	10.23%
<b>TOTAL REAL ESTATE</b>	<b>57,509,135</b>	<b>4.9%</b>	<b>5.0%</b>	<b>1.36%</b>	<b>0.06%</b>	<b>58,157,831</b>	<b>5.0%</b>	<b>5.0%</b>	<b>0.77%</b>	<b>57,848,109</b>	<b>5.1%</b>	<b>5.0%</b>	<b>0.53%</b>	<b>1.36%</b>	<b>7.97%</b>	<b>7.69%</b>	<b>9.00%</b>
NCREIF TOTAL INDEX				2.09%	0.69%				0.69%				0.69%	2.09%	7.64%	8.51%	10.16%
<b>ALTERNATIVE INVESTMENTS</b>																	
Brinson IVCF II	275,245			-0.23%	0.54%	273,756			-0.39%	274,823			-0.39%	-0.23%	-7.44%	-23.62%	10.02%
Coral Partners II	167,358			9.73%	0.00%	167,358			0.00%	462,502			9.73%	0.00%	10.56%	-36.34%	-15.79%
Coral Partners V	10,093,446			-6.88%	0.00%	10,116,377			0.00%	10,116,377			-6.88%	-6.88%	-22.52%	-20.83%	-9.87%
Coral Partners V - Supplemental	525,087			-15.67%	0.00%	526,280			0.00%	526,280			-15.67%	-15.67%	-28.36%	N/A	N/A
Coral Partners VI	1,642,935			-12.18%	0.00%	1,646,667			0.00%	1,646,667			-12.18%	-12.18%	N/A	N/A	N/A
Brinson 1998 Partnership Fund	1,842,152			4.07%	4.07%	1,774,062			0.00%	1,774,062			0.00%	4.07%	-14.73%	-11.35%	1.31%
Brinson 1999 Partnership Fund	2,275,838			0.98%	0.98%	2,258,812			0.00%	2,258,812			0.00%	0.98%	-16.31%	-14.42%	N/A
Brinson 2000 Partnership Fund	3,659,166			0.67%	0.67%	3,642,953			0.00%	3,642,953			0.00%	0.67%	-13.99%	-9.08%	N/A
Brinson 2001 Partnership Fund	1,259,372			0.43%	0.43%	1,256,870			0.00%	1,256,870			0.00%	0.43%	-5.98%	N/A	N/A
Brinson 2002 Partnership Fund	852,192			12.21%	12.21%	761,203			0.00%	761,203			0.00%	12.21%	9.08%	N/A	N/A
Brinson 2003 Partnership Fund	82,498			-3.58%	-3.58%	85,757			0.00%	85,757			0.00%	-3.58%	N/A	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,246,189			6.32%	6.32%	1,235,156			0.00%	1,235,156			0.00%	6.32%	13.12%	2.21%	N/A
Brinson 2000 Non-US Partnership Fund	1,533,423			2.82%	2.82%	1,190,155			0.00%	1,190,155			0.00%	2.82%	9.50%	-1.63%	N/A
Brinson 2001 Non-US Partnership Fund	837,408			7.50%	7.50%	780,746			0.00%	780,746			0.00%	7.50%	-0.41%	N/A	N/A
Brinson 2002 Non-US Partnership Fund	1,158,626			3.71%	3.71%	1,119,709			0.00%	1,119,709			0.00%	3.71%	5.34%	N/A	N/A
Brinson 2003 Non-US Partnership Fund	75,361			-0.05%	-0.05%	75,571			0.00%	75,571			0.00%	-0.05%	N/A	N/A	N/A
Brinson BVCF IV	6,082,204			-1.02%	0.00%	6,096,015			0.00%	6,096,015			-1.02%	-1.02%	-14.64%	-18.80%	N/A
Matlin Patterson Global Opportunities	12,364,863			0.00%	0.00%	12,392,954			0.00%	12,392,954			0.00%	0.00%	N/A	N/A	N/A
InvestAmerica	1,737,784			0.00%	0.00%	812,819			0.00%	812,819			0.00%	0.00%	-12.50%	N/A	N/A
Hearthstone MSII	2,348,807			5.06%	5.06%	3,119,340			0.00%	3,119,423			0.00%	5.06%	28.98%	13.57%	N/A
Hearthstone MSIII	293,462			N/A	N/A	-			N/A	-			N/A	N/A	N/A	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS (2)</b>	<b>50,353,415</b>	<b>4.3%</b>	<b>5.0%</b>	<b>-0.91%</b>	<b>1.19%</b>	<b>49,332,561</b>	<b>4.3%</b>	<b>5.0%</b>	<b>0.00%</b>	<b>49,628,855</b>	<b>4.4%</b>	<b>5.0%</b>	<b>-2.07%</b>	<b>-0.91%</b>	<b>-9.65%</b>	<b>-13.02%</b>	<b>0.04%</b>
<b>CASH EQUIVALENTS</b>																	
<b>Northern Trust STIF/STEP</b>	<b>14,952,391</b>	<b>1.3%</b>	<b>1.0%</b>	<b>0.35%</b>	<b>0.13%</b>	<b>9,082,661</b>	<b>0.8%</b>	<b>1.0%</b>	<b>0.11%</b>	<b>9,161,279</b>	<b>0.8%</b>	<b>1.0%</b>	<b>0.11%</b>	<b>0.35%</b>	<b>1.84%</b>	<b>3.33%</b>	<b>4.22%</b>
90 Day T-Bill				0.25%	0.10%				0.08%				0.07%	0.25%	1.52%	3.33%	4.07%
<b>TOTAL FUND</b>	<b>1,170,484,789</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3.84%</b>	<b>0.63%</b>	<b>1,160,225,346</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.16%</b>	<b>1,136,812,271</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.01%</b>	<b>3.84%</b>	<b>5.46%</b>	<b>-1.91%</b>	<b>2.68%</b>
<b>POLICY TARGET BENCHMARK</b>				<b>3.40%</b>	<b>0.76%</b>				<b>1.87%</b>				<b>0.74%</b>	<b>3.40%</b>	<b>4.63%</b>	<b>-2.62%</b>	<b>2.52%</b>

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.